

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7467

BILL NUMBER: HB 1646

NOTE PREPARED: Jan 16, 2005

BILL AMENDED:

SUBJECT: Viatical Settlements.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill removes a viatical settlement contract or an interest in a viatical settlement contract that is entered into before March 17, 2000, from the definition of "security" for purposes of the law regulating securities. It prohibits certain actions related to viatical settlement contracts. The bill requires a viatical settlement broker to obtain a viatical settlement broker license. It also specifies requirements for a viatical settlement broker license. It repeals provisions referring to a viatical settlement agent and to licensure of a viatical settlement broker as an insurance producer.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill requires a viatical settlement broker to obtain a viatical settlement broker license from the Department of Insurance (DOI). However, the bill will have no impact on the DOI because the DOI will be able to implement this provision given its existing budget and resources. The DOI currently provides a viatical settlement provider license.

The bill also provides that the DOI Commissioner may not institute an administrative proceeding or a court action more than five years after the date of the purchase or sale that is the subject of the administrative proceeding or court action. This provision could reduce the number of administrative proceedings or court actions that the Commissioner may institute which could reduce administrative expenses for the DOI. The number of instances wherein the Commissioner would have initiated an action were it not for the above provision is unknown.

The DOI Commissioner must, not later than December 31, 2005, designate a viatical settlement broker

examination for use in licensing of a viatical settlement broker. The Commissioner must also, not later than December 31, 2005, approve continuing education courses for a viatical settlement broker license renewal. If the Commissioner denies a viatical settlement broker's request, the viatical settlement broker must complete the continuing education requirements within 90 days after the Commissioner notifies the viatical settlement broker of the denial. The DOI may regulate a viatical settlement broker in the same manner that it currently regulates a viatical settlement provider. The DOI should be able to implement these provisions given its existing budget and resources.

The DOI may examine the business and other affairs of a viatical settlement provider applicant. The viatical settlement provider applicant must pay the expenses of an examination. This provision will result in no additional expenses for the DOI.

Explanation of State Revenues: The DOI must adopt rules to set the viatical settlement provider licensing fee. A viatical settlement broker license must be renewed on July 1 of the fourth year after the license is issued or renewed. A viatical settlement broker may renew a viatical settlement broker license by applying for renewal and paying the renewal fee of \$20. The amount of revenue that will be generated by the new license is indeterminable, but will depend, in part, on the fee established.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Amy Strati, Acting Commissioner, DOI.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.